# APPENDIX

## NATIONAL PROHIBITION ACT, 41 STAT. 305:

### TITLE II

SEC. 3. No person shall on or after the date when the eighteenth amendment to the Constitution of the United States goes into effect, manufacture, sell, barter, transport, import, export, deliver, furnish or possess any intoxicating liquor except as authorized in this Act, and all the provisions of this Act shall be liberally construed to the end that the use of intoxicating liquor as a beverage may be prevented.

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(U. S. C., Title 27, Sec. 12.)

SEC. 4. The articles enumerated in this section shall not, after having been manufactured and prepared for the market, be subject to the provisions of this Act if they correspond with the following descriptions and limitations, namely:

(a) Denatured alcohol or denatured rum produced and used as provided by laws and regulations now or hereafter in force.

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(d) Toilet, medicinal, and antiseptic preparations and solutions that are unfit for use for beverage purposes.

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A person who manufactures any of the articles mentioned in this section may purchase and possess

liquor for that purpose, but he shall secure permits to manufacture such articles and to purchase such liquor, give the bonds, keep the records, and make the reports specified in this Act and as directed by the commissioner. No such manufacturer shall sell, use, or dispose of any liquor otherwise than as an ingredient of the articles authorized to be manufactured therefrom. No more alcohol shall be used in the manufacture of any extract, sirup, or the articles named in paragraphs b, c, and d of this section which may be used for beverage purposes than the quantity necessary for extraction or solution of the elements contained therein and for the preservation of the article.

Any person who shall knowingly sell any of the articles mentioned in paragraphs a, b, c, and d of this section for beverage purposes, or any extract or sirup for intoxicating beverage purposes, or who shall sell any of the same under circumstances from which the seller might reasonably deduce the intention of the purchaser to use them for such purposes, or shall sell any beverage containing one-half of 1 per centum or more of alcohol by volume in which any extract, sirup, or other article is used as an ingredient, shall be subject to the penalties provided in section 29 of this Title. If the commissioner shall find, after notice and hearing as provided for in section 5 of this Title, that any person has sold any flavoring extract, sirup, or beverage in violation of this paragraph, he shall notify such person, and any known principal for whom the sale was made, to desist from selling such article; and it shall thereupon be unlawful for a period of one year thereafter for any person so notified to sell any

such extract, sirup, or beverage without making an application for, giving a bond, and obtaining a permit so to do, which permit may be issued upon such conditions as the commissioner may deem necessary to prevent such illegal sales, and in addition the commissioner shall require a record and report of sales (U. S. C., Title 27, Sec. 13).

SEC. 6. No one shall manufacture, sell, purchase, transport, or prescribe any liquor without first obtaining a permit from the commissioner so to do, except that a person may, without a permit, purchase and use liquor for medicinal purposes when prescribed by a physician as herein provided, and except that any person who in the opinion of the commissioner is conducting a bona fide hospital or sanatorium engaged in the treatment of persons suffering from alcoholism, may, under such rules, regulations, and conditions as the commissioner shall prescribe, purchase and use, in accordance with the methods in use in such institution, liquor, to be administered to the patients of such institution under the direction of a duly qualified physician employed by such institution.

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The commissioner may prescribe the form of all permits and applications and the facts to be set forth therein. Before any permit is granted the commissioner may require a bond in such form and amount as he may prescribe to insure compliance with the terms of the permit and the provisions of this title. In the event of the refusal by the commissioner of any application for a permit, the applicant may have a review of his decision before

a court of equity in the manner provided in section 5 hereof.

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(U. S. C., Title 27, Sec. 16.)

SEC. 29. Any person who manufactures or sells liquor in violation of this title shall for a first offense be fined not more than $1,000, or imprisoned not exceeding six months, and for a second or subsequent offense shall be fined not less than $200 nor more than $2,000 and be imprisoned not less than one month nor more than five years.

Any person violating the provisions of any permit, or who makes any false record, report, or affidavit required by this title, or violates any of the provisions of this title, for which offense a special penalty is not prescribed, shall be fined for a first offense not more than $500; for a second offense not less than $100 nor more than $1,000, or be imprisoned not more than ninety days; for any subsequent offense he shall be fined not less than $500 and be imprisoned not less than three months nor more than two years. * * * (U. S. C., Title 27, Sec. 46).

TITLE III

*Industrial alcohol.*

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*Tax-free alcohol.*

SEC. 10. Upon the filing of application and bond and issuance of permit denaturing plants may be established upon the premises of any industrial alcohol plant, or elsewhere, and shall be used exclusively for the denaturation of alcohol by the admixture of such denaturing materials as shall render the alcohol, or any compound in which it

is authorized to be used, unfit for use as an intoxicating beverage.

Alcohol lawfully denatured may, under regulations, be sold free of tax either for domestic use or for export.

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(U. S. C., Title 27, Sec. 80.)

SEC. 11. Alcohol produced at any industrial alcohol plant or stored in any bonded warehouse may, under regulations, be withdrawn tax free as provided by existing law from such plant or warehouse for transfer to any denaturing plant for denaturation, or may, under regulations, before or after denaturation, be removed from any such plant or warehouse for any lawful tax-free purpose.

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But any person permitted to obtain alcohol tax free, except the United States and the several States and Territories and subdivisions thereof, and the District of Columbia, shall first apply for and secure a permit to purchase the same and give the bonds prescribed under Title II of this Act, but alcohol withdrawn for nonbeverage purposes for use of the United States and the several States, Territories and subdivisions thereof, and the District of Columbia may be purchased and withdrawn subject only to such regulations as may be prescribed (U. S. C., Title 27, Sec. 81).

SEC. 13. The commissioner shall from time to time issue regulations respecting the establishment, bonding, and operation of industrial alcohol plants, denaturing plants, and bonded warehouses authorized herein, and the distribution, sale, export, and use of alcohol which may be necessary, advisable, or proper, to secure the revenue, to prevent diver-

sion of the alcohol to illegal uses, and to place the nonbeverage alcohol industry and other industries using such alcohol as a chemical raw material or for other lawful purposes upon the highest possible plane of scientific and commercial efficiency consistent with the interests of the Government, and which shall insure an ample supply of such alcohol and promote its use in scientific research and the development of fuels, dyes, and other lawful products (U. S. C., Title 27, Sec. 83).

SEC. 15. Whoever operates an industrial alcohol plant or a denaturing plant without complying with the provisions of this title and lawful regulations made thereunder, or whoever withdraws or attempts to withdraw or secure tax free any alcohol subject to tax, or whoever otherwise violates any of the provisions of this title or of regulations lawfully made thereunder shall be liable, for the first offense, to a penalty of not exceeding $1,000, or imprisonment not exceeding thirty days, or both, and for a second or cognate offense to a penalty of not less than $100 nor more than $10,000, and to imprisonment of not less than thirty days nor more than one year. It shall be lawful for the commissioner in all cases of second or cognate offense to refuse to issue for a period of one year a permit for the manufacture or use of alcohol upon the premises of any person responsible in any degree for the violation (U. S. C., Title 27, Sec. 85).

Revenue Act of 1926, 44 Stat. 9, 104–105:

> SEC. 900. Subdivision (a) of section 600 of the Revenue Act of 1918, as amended, is amended to read as follows:
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> "SEC. 600. (a) There shall be levied and collected on all distilled spirits now in bond

or that have been or that may be hereafter produced in or imported into the United States, in lieu of the internal-revenue taxes now imposed thereon by law, an internal-revenue tax at the following rates, to be paid by the distiller or importer when withdrawn, and collected under the provisions of existing law:

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"(3) On and after January 1, 1928, $1.10 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon.

"(4) On and after the enactment of the Revenue Act of 1926, on all distilled spirits which are diverted to beverage purposes or for use in the manufacture or production of any article used or intended for use as a beverage there shall be levied and collected a tax of $6.40 on each proof gallon or wine gallon when below proof, and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon, to be paid by the person responsible for such diversion. If a tax at the rate of $2.20, $1.65, or $1.10 per proof or wine gallon has been paid upon such distilled spirits a credit of the tax so paid shall be allowed in computing the tax imposed by this paragraph.

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(U. S. C., Title 26, Secs. 1150, 1275.)

Revised Statutes:

SEC. 1047. No suit or prosecution for any penalty or forfeiture, pecuniary or otherwise, accruing under the laws of the United States, shall be maintained, except in cases where it is otherwise specially provided, unless the same is commenced within five years from the time when the penalty or forfeiture accrued: *Provided,* That the person of the

offender, or the property liable for such penalty or forfeiture, shall, within the same period, be found within the United States; so that the proper process therefor may be instituted and served against such person or property. (U. S. C., Title 28, Sec. 791.)

Treasury Regulations 3 (Revised August, 1927):

ART. 112. A manufacturer desiring to use specially denatured alcohol for manufacturing purposes must file application for permit on Form 1479, in duplicate, with the administrator of the district in which the applicant proposes to conduct his business. * * *

The application must recite the stipulations and conditions set forth in article 108 of these regulations numbered from 1 to 6, all of which must be faithfully observed and performed, and any act done or omitted to be done contrary to the terms and intent of such stipulations and conditions, or any misrepresentation of any fact found to have been made in securing the permit, shall be deemed a lack of good faith in conforming to the provisions of the national prohibition act, as amended and supplemented, and shall constitute good cause for issuance of a citation and the revocation of said permit.

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When deemed necesary the formula of the finished product, blue print, or diagram of apparatus, method of manufacture, samples, and advertising matter, or other data, must be furnished before approval will be given for the use of specially denatured alcohol.

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Formulas and samples of all preparations in which specially denatured alcohol is proposed to be used, other than those mentioned in the preceding paragraph, will be referred

to the commissioner for decision. The formulas and samples should be submitted in duplicate, one set of samples being sent by the applicant direct to the commissioner for analysis and the remaining set to the administrator to be retained by him. The duplicate formulas should be transmitted by the applicant to the commissioner. Where the applicant proposes to use mixtures of oils and ingredients which he procures from some other person, the composition of which is unknown to him, a 1-ounce sample of the ingredient or compound must be submitted with the finished sample when required.

Bond, Form 1480, must be filed by the applicant in duplicate. In case of the approval of the application the original bond will be retained by the administrator and the duplicate forwarded to the commissioner.

The penal sum of the bond shall in no case be less than $500, or more than $50,000, and shall be graduated in accordance with the quantity of alcohol on hand, in transit, or unaccounted for in each 30-day period.

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Where the quantity of alcohol involved is more than 5 wine gallons, but not more than 250 wine gallons, the penal sum of the bond shall be not less than $500. Where the quantity approved exceeds 250 wine gallons but does not exceed 500 wine gallons the penal sum shall be not less than $1,000. In the event of approval of larger quantities than 500 wine gallons, the penal sum will be computed at the rate of $2 for each wine gallon authorized to be withdrawn. Provided, that bonds given for larger quantities than 500 wine gallons must be in multiples of $1,000.

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